

Message Text

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TO USMISSION OECD PARIS IMMEDIATE

C O N F I D E N T I A L STATE 022226

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E.O. 11652: GDS

TAGS: ENRG/IEA

SUBJECT: PROPOSED STATEMENT ON IEA LONG TERM PROGRAM

TO ENDERS FROM KATZ

1. THERE FOLLOWS TEXT OF PROPOSED DEPARTMENT STATEMENT TO BE ISSUED FOLLOWING APPROVAL OF THE LONG TERM COOPERATION PROGRAM. THIS TEXT INCLUDES SEVERAL SUGGESTED CHANGES FROM VERSION WHICH YOU DICTATED ON JANUARY 28. I BELIEVE THESE CHANGES WILL BE HELPFUL FROM A PUBLIC PRESENTATIONAL STANDPOINT AS WELL AS IN OUR CONSULTATIONS WITH CONGRESS. FOR EXAMPLE IT REFERS TO GOVERNING BOARD DECISION RATHER THAN AGREEMENT. IT IS ALSO MORE IN LINE WITH THE HANDOUT WE HAVE USED IN CONGRESSIONAL CONSULTATIONS. WITH REGARD PARTICULARLY TO THE QUESTION OF OUR LEGAL AUTHORITIES I THINK IT BEST THAT WE INCLUDE THE GENERAL STATEMENT ON AUTHORITY WHICH WE HAVE USED IN OUR CONSULTATIONS TO DATE RATHER THAN TO SPELL OUT SPECIFICALLY THE AUTHORITY WE BELIEVE WE HAVE FOR EACH PART OF THE LTP. IF THIS APPROACH AND MODIFIED TEXT BELOW IS ACCEPTABLE TO YOU WE WOULD PLAN TO ISSUE STATEMENT FOLLOWING GOVERNING BOARD DECISION.

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2. I HAVE SPOKEN WITH LONG AND FANNIN. NO PROBLEM WITH EITHER. I SEE ULLMAN THURSDAY.

3. BEGIN TEXT: THE GOVERNING BOARD OF THE INTERNATIONAL ENERGY AGENCY TODAY DECIDED TO ADOPT A PROGRAM OF LONG-TERM COOPERATION IN THE FIELD OF ENERGY. THE US WAS REPRESENTED BY ASSISTANT SECRETARY THOMAS O. ENDERS.

THE NEW PROGRAM PROVIDES A FRAMEWORK WITHIN WHICH NATIONAL EFFORTS TO REDUCE OUR EXCESSIVE DEPENDENCE ARE SHARED MORE EQUITABLY AMONG THE INDUSTRIALIZED COUNTRIES. IT ASSERTS THE SOLIDARITY OF THE CONSUMING COUNTRIES IN THE ENERGY CRISIS AND IS INTENDED TO HELP ACCELERATE THE SHIFT IN SUPPLY AND DEMAND FOR WORLD ENERGY THAT WILL EVENTUALLY END OUR VULNERABILITY TO ARBITRARY OPEC CONTROL OVER WORLD OIL PRICES. THE PROGRAM EXPIRES IN NOVEMBER 1984, THE TERM OF THE AGREEMENT FOUNDING THE INTERNATIONAL ENERGY AGENCY.

UNDER THE NEW PROGRAM, THE EIGHTEEN MEMBER COUNTRIES HAVE AGREED:

-- TO CREATE A FRAMEWORK TO FACILITATE THE EXECUTION OF JOINT ENERGY DEVELOPMENT PROJECTS, DRAWING TOGETHER TECHNOLOGY, CAPITAL, AND MANPOWER FROM TWO OR MORE IEA COUNTRIES;

-- TO CONSIDER ON A CASE-BY-CASE BASIS GUARANTEEING ACCESS TO A PORTION OF THE OFFTAKE TO OTHER IEA COUNTRIES THAT JOIN IN LARGE SCALE PROJECTS WHICH SUBSTANTIALLY INCREASE ENERGY PRODUCTION OVER WHAT IT OTHERWISE WOULD BE.

-- TO A CONTINGENCY AGREEMENT THAT WOULD NOT ALLOW IMPORTED OIL TO BE SOLD IN OUR DOMESTIC ECONOMIES BELOW A COMMON FIXED PRICE OF \$7.00 PER BARREL. THIS MINIMUM SUPPORT PRICE WILL PROTECT OUR COMMITMENT TO THE DEVELOPMENT OF NEW CONVENTIONAL ENERGY IN ALASKA, THE NORTH SEA, ETC. -- AGAINST DISRUPTION FROM DUMPING OR PREDATORY PRICING BY OIL EXPORTING COUNTRIES.

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-- TO COOPERATE IN CONSERVATION THROUGH THE FIXING OF JOINT CONSERVATION TARGETS AND THE INTENSIVE REVIEW OF NATIONAL CONSERVATION PROGRAMS TO MAINTAIN PROGRESS TOWARD THESE TARGETS, REINFORCE NATIONAL EFFORTS, AND EXCHANGE CONSERVATION EXPERIENCE AND EXPERTISE;

-- TO COOPERATE IN ENERGY RESEARCH AND DEVELOPMENT, INCLUDING ASSISTANCE IN DEVELOPING COUNTRY R&D PROGRAMS,

THE ELABORATION OF AN OVERALL IEA R&D STRATEGY, INTENSIFIED INFORMATION EXCHANGES, AND JOINT PROJECTS; AND

TO MAKE BEST EFFORTS NOT TO INTRODUCE NEW DISCRIMINATION AGAINST OTHER IEA MEMBERS AS REGARDS ACCESS TO ENERGY TECHNOLOGY, INVESTMENT OPPORTUNITIES, AND PRODUCTION.

THIS LONG-TERM COOPERATIVE PROGRAM CALLS FOR REVIEWS, EXCHANGES OF INFORMATION, AND THE SETTING OF GROUP TARGETS WHICH ARE CLEARLY WITHIN THE AUTHORITY OF THE EXECUTIVE. WITH RESPECT TO THE COMMITMENT ON NON-DISCRIMINATION AND ACCESS, IT IS UNDERSTOOD IN THE IEA THAT THE "BEST ENDEAVORS" FORMULA APPLIES TO THE EXECUTIVE BUT DOES NOT BIND THE CONGRESS. WE WOULD NOT BE UNDER ANY OBLIGATION TO SEEK ELIMINATION OF ANY EXISTING LEGISLATION OR REGULATIONS. THE COMMITMENT TO MAINTAIN A MINIMUM SAFEGUARD PRICE IS SUBJECT TO THE AVAILABILITY OF APPROPRIATE AUTHORITY. THAT IS, THE COMMITMENT IS TO MAINTAIN THE MSP IF AUTHORITY IS AVAILABLE, OR TO SEEK AUTHORITY AT AN APPROPRIATE TIME IN LIGHT OF OIL MARKET DEVELOPMENTS IF SUCH AUTHORITY IS NOT AVAILABLE.

OVER THE PAST TWO YEARS A CENTRAL ELEMENT OF US INTERNATIONAL ENERGY POLICY HAS BEEN THE DEVELOPMENT OF AN OVERALL FRAMEWORK FOR CONSUMER COUNTRY COOPERATION. THE ADOPTION OF THIS LONG TERM AGREEMENT COMPLETES THE BASIC DESIGN OF THIS POLICY. OTHER ELEMENTS OF THE FRAMEWORK ALREADY IN PLACE INCLUDE:

-- THE CREATION IN 1974 OF THE INTERNATIONAL ENERGY AGENCY WHICH PROVIDES AN INSTITUTIONAL CENTER FOR ENERGY COOPERATION;

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--ESTABLISHMENT IN 1974 OF AN INTEGRATED EMERGENCY PROGRAM COMMITTING THE INDUSTRIAL COUNTRIES TO LARGE SCALE OIL STOCKPILING AND COMMON ALLOCATION AND CONSERVATION EFFORTS IN THE EVENT OF A NEW OIL EMBARGO;

--AGREEMENT IN 1975 ON A \$25 MILLION OECD FINANCIAL SUPPORT FUND TO MEET THE THREAT POSED BY THE HUGE FINANCIAL ACCUMULATIONS OF THE OIL PRODUCING COUNTRIES.

ENERGY POLICY HAS BECOME A CENTRAL FEATURE IN OUR RELATIONSHIP WITH WESTERN EUROPE, JAPAN AND OTHER INDUSTRIALIZED COUNTRIES. WITH THIS COOPERATIVE FRAMEWORK COMPLETED THESE COUNTRIES WILL NOW ENTER A NEW COMPREHENSIVE MULTILATERAL DIALOGUE WITH THE OIL PRODUCERS AND NON-OIL PRODUCING DEVELOPING COUNTRIES.

;
DER THE AUSPICES OF THE CONFERENCE ON INTERNATIONAL
ECONOMIC COOPERATION AN ENERGY COMMISSION, JOINTLY
CHAired BY THE UNITED STATES AND SAUDI ARABIA, WILL
HOLD ITS INITIAL MEETING IN PARIS ON FEBRUARY 11. THE
UNITED STATES BELIEVES THAT THE NEW COMMISSION PROVIDES
A FORUM FOR CONSTRUCTION CONSIDERATION, BY CONSUMER AND
PRODUCER COUNTRIES, OF ENERGY RELATED ISSUES IN AN EFFORT
TO ARRIVE AT PRAGMATIC AND MUTUALLY ACCEPTABLE RESULTS.
END TEXT. KISSINGER

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